

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of July 2018.

CASE NO. 18-1076-COAL-SC-GI

NUFAC MINING COMPANY, INC.

Proceeding that requires coal shipper and receiver to show cause why the Commission should not enforce outstanding Notices of Violation in circuit court and assess costs, and investigation of delinquent tonnage fees and whether administrative penalties or costs should be imposed.

COMMISSION ORDER

The Commission opens this proceeding to require a shipper and receiver of coal that utilizes the coal transportation road system in the State of West Virginia to show cause why the Commission should not enforce outstanding Notices of Violation in circuit court and assess the shipper and receiver with costs. The Commission also orders an investigation of tonnage fees owed and whether administrative penalties or costs should be imposed.

BACKGROUND

The Commission has conducted a review of the period from July 2015 to June 30, 2018, of its Orders and records with respect to Nufac Mining Company, Inc. (Nufac), and Commission administration and enforcement of Chapter 17C, Article 17A of the W. Va. Code, titled Regulation of the Commercial Transportation of Coal (CRTS Statutes). Following notice and opportunity for hearing, in the past three years, and beginning in June 2017, the Commission has issued eleven final Orders concluding that Nufac, a shipper and receiver of coal, committed violations of the CRTS Statutes. Pursuant to the Commission's statutory duties under W. Va. Code §§17C-17A-3(b), 17C-17A-6, and 17C-17A-9(c)(1), the following final orders imposed administrative sanctions on Nufac for its failure to report coal shipments or receipt of coal shipments:

Case No. 17-5051-COAL-NOV final June 17, 2017 (issued to Mechel Bluestone, Inc. and NUFAC Mining Co., Inc.)	receiving
Case No. 17-5091-COAL-NOV final July 28, 2017	receiving
Case No. 17-5092-COAL-NOV final July 28, 2017	receiving
Case No. 17-5076-COAL-NOV final July 30, 2017	receiving
Case No. 17-5105-COAL-NOV final August 6, 2017	receiving

Case No. 17-5114-COAL-NOV final August 18, 2017	receiving
Case No. 17-5129-COAL-NOV final August 27, 2017	receiving
Case No. 17-5138-COAL-NOV final September 11, 2017	receiving
Case No. 18-5050-COAL-NOV final April 27, 2018	shipping
Case No. 18-5122-COAL-NOV final June 25, 2018	shipping
Case No. 18-5064-COAL-NOV final May 3, 2018	shipping

Commission records reflect that Nufac did not appeal the final Orders and has failed to remit penalties as ordered. As of the date of this Order, \$58,800 is delinquent for the penalties that Nufac has been ordered to pay by the Commission.

Nufac's failure to comply with coal shipment reporting requirements has led to an inability of the Commission to determine Nufac's compliance with tonnage fee requirements of the CRTS Statutes, as addressed more fully below.

DISCUSSION

This order refers to coal resource transportation roads, the CRTS Statutes and the Commission Rules for the Transportation of Coal by Commercial Motor Vehicles, 150 C.S.R. 27 (Coal Rules) collectively, as the coal resource transportation system (CRTS). A background discussion of the application of the CRTS Statutes and Coal Rules appears in Appendix A.

The purpose of the CRTS is to address the economic needs of the state coal industry within the confines of the ability of the transportation infrastructure to accommodate these needs and in careful consideration for road safety and maintenance requirements of vehicles hauling coal. W. Va. Code §17C-17A-1(b). The law requires compliance by shippers, vehicle operators, vehicles owners and receivers as those entities are defined in W. Va. Code §17C-17A-2; Coal Rule 2.1 et seq.

Commission Jurisdiction

The West Virginia Legislature delegated to the Commission the administration and enforcement of the CRTS. W. Va. Code §17C-17A-3(b). The same statute required the Commission to issue rules, and the Commission promulgated its Coal Rules in 2004. The Commission has authority to enforce its CRTS Orders pursuant to W. Va. Code §17C-17A-3(b) and the section of Chapter 24 granting the Commission authority to compel obedience to its lawful orders by mandamus or injunction or other proper proceedings in circuit court. W. Va. Code §24-2-2.

Show Cause

Commission final Orders reflect that Nufac has failed to comply with CRTS shipment reporting requirements set forth in W. Va. Code §17C-17A-6 and Coal Rule 4.2 et seq. Our records further reflect that Nufac has failed to comply with or appeal the CRTS final Orders of the Commission. It is, therefore, appropriate to order Nufac to show cause why the Commission should not enforce the penalties imposed by its final Orders in circuit court and assess costs pursuant to W. Va. Code §17C-17A-9 and Coal Rule 5.8.d.

Investigation of Tonnage Fees Owed

Commission records show that during the past three years, Nufac has not remitted monthly tonnage fees as required by W. Va. Code §17C-17A-3(b)(5) and Coal Rule 3.18 for shipments exceeding 88,000 pounds from July 2015 to June 30, 2018. The Commission is therefore unable to deposit tonnage fees into the Road Fund that WVDOT uses to construct, maintain and repair public highways and bridges over which substantial quantities of coal are transported. W. Va. Code §§17C-17A-3(b)(5), 17C-17A-5(m).

Nufac's failure to comply with the shipment reporting requirements of Coal Rules 4.1 through 4.11 prevents the Commission from calculating the tonnage fees owed by Nufac. The Commission will investigate the amount of tonnage fees owed by Nufac for its operations from July 2015 to June 30, 2018.

Conclusion

The Commission will name Nufac a respondent to this proceeding and require it to make a verified response to this Order within twenty days to show cause why the Commission should not (1) proceed with enforcement of its final Orders and (2) assess Nufac with costs or fees as set forth in Coal Rule 5.8.d.

The Commission also will investigate (1) tonnage fees owed by Nufac for operations from July 2015 to June 30, 2018, and (2) administrative costs or fees, if any, that should be imposed on Nufac for failure to report coal shipments or receipt of coal shipments. Nufac should address these issues in its response.

If during this investigation, additional violations of the CRTS Statutes and Coal Rules are uncovered, such as failure to report or accurately report coal shipments on the CRTS roads, shipments in excess of lawful weights, or delinquent tonnage fees, the Commission may investigate, take evidence and resolve those additional violations in this proceeding, including the imposition of additional penalties, costs and fees, if applicable.

This Order will also set a date for completion of discovery, a Staff report due date and a hearing date.

FINDINGS OF FACT

1. Nufac has failed to comply with CRTS reporting requirements, did not appeal Commission final Notice of Violation Orders relating to reporting requirements set forth in W. Va. Code §17C-17A-6 and Coal Rule 4.2 et seq., and has failed to pay the penalties ordered.
2. The total owed by Nufac pursuant to final Notice of Violation Orders for failure to report is approximately \$58,800.
3. Between July 2015 and June 30, 2018, Nufac has not remitted monthly tonnage fees that are required for shipments exceeding 88,000 pounds.
4. The Commission is unable to deposit tonnage fees into the Road Fund that WVDOH uses to construct, maintain and repair public highways and bridges over which substantial quantities of coal are transported because Nufac has failed to remit monthly tonnage fees that are required for shipments exceeding 88,000 pounds as required by W. Va. Code §§17C-17A-3(b)(5), 17C-17A-5(m) and Coal Rule 3.18.
5. Nufac's failure to comply with the shipment reporting requirements of Coal Rules 4.1 through 4.11 prevents the Commission from calculating the tonnage fees owed by Nufac.

CONCLUSIONS OF LAW

1. The West Virginia Legislature delegated administration and enforcement of the CRTS to this Commission. W. Va. Code §17C-17A-3(b).
2. The Commission has enforcement authority to compel obedience to its Orders in circuit court pursuant to W. Va. Code §§17C-17A-3(b) and 24-2-2.
3. Violations of the CRTS may result in assessment of costs or fees as set forth in Coal Rule 5.8.d. of \$150 for each initial proceeding and \$300 for an appeal involving an Administrative Law Judge. W. Va. Code §17C-17A-10; Coal Rule 5.8.d.
4. The Commission should initiate this proceeding, name Nufac a respondent, and require it to make a verified response to this Order within twenty days to show cause why the Commission should not (1) proceed with enforcement of its final Orders in circuit court, and (2) assess Nufac with administrative costs or fees as set forth in Coal Rule 5.8.d.

5. The Commission should investigate tonnage fees and whether administrative costs or fees should be imposed upon Nufac. Nufac should address these issues in its response. W. Va. Code §§17C-17A-3(b)(5) and 17C-17A-9; Coal Rules 3.18 and 6.1.a.

ORDER

IT IS THEREFORE ORDERED that Nufac Mining Company, Inc. is named respondent to this proceeding.

IT IS FURTHER ORDERED that on or before Thursday, August 9, 2018, Nufac Mining Company, Inc. file a verified response to this Order and show cause why the Commission should not (1) proceed with enforcement of its final Orders in circuit court, and (2) assess Nufac Mining Company, Inc. with penalties, costs or fees as set forth in Coal Rule 5.8.d.

IT IS FURTHER ORDERED that the Nufac Mining Company, Inc. verified response shall also address tonnage fees owed and administrative penalties, costs or fees that should be imposed.

IT IS FURTHER ORDERED that Nufac Mining Company, Inc. retain and make available for inspection by Commission Staff all paper and electronic records relating to receipt and shipment of coal on and after July 2015 and refrain from destroying any CRTS records during the pendency of this proceeding.

IT IS FURTHER ORDERED that the parties complete discovery in this matter on or before Thursday, September 13, 2018

IT IS FURTHER ORDERED that Staff file its report in this matter on or before Friday, October 5, 2018.

IT IS FURTHER ORDERED that a hearing in this show cause and investigation proceeding will be held at 1:00 p.m. on October 15, 2018, at the Commission offices, 201 Brooks Street, Charleston, West Virginia.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this Order by electronic service on all parties of record who have filed an e-service agreement, by United States certified mail – return receipt requested – on Nufac Mining Company, Inc., and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Staff by hand delivery.

A True Copy, Teste,

A handwritten signature in cursive script that reads "Ingrid Ferrell".

Ingrid Ferrell
Executive Secretary

CLW/sm
181076c

Appendix A

Application of CRTS Statutes and Rules

A vehicle transporting coal over coal resource transportation roads may operate in excess of the maximum gross weight limit prescribed in W. Va. Code §17C-17-9 for a specific vehicle by annually providing information to the Commission to demonstrate that the vehicle, as configured, has a total combined axel rating capacity equal to or greater than the maximum amount of weight for which a special permit is sought and paying a special permit fee. W. Va. Code §17C-17A-5; Coal Rule 3.1 et seq. Both shippers and receivers of coal are required to report to the Commission the gross weight of every coal shipment by commercial motor vehicle over a coal resource transportation road by 4:00 p.m. of the next business day after a shipment or receipt occurs. Coal Rules 4.2 and 4.6; W. Va. Code §17C-17A-6. A failure to timely or accurately report makes shippers and receivers subject to an administrative penalty of up to \$100 per shipment. Coal Rule 4.11. The CRTS Statutes and Commission rules also provide that a shipper that loads a permitted amount of coal that exceeds 88,000 pounds in the prior month must remit to the Commission by the tenth day of each month a payment of five cents per ton applied to the total tonnage of coal involved in each such shipment. W. Va. Code §17C-17A-3(b)(5); Coal Rule 3.18.

The Commission collects permit fees and tonnage fees on behalf of the West Virginia Division of Highways (WVDOH) and deposits those amounts into the Coal Resource Transportation Road Fund (Road Fund). The WVDOH uses monies in the Road Fund to construct, maintain and repair public highways and bridges over which substantial quantities of coal are transported. W. Va. Code §§17C-17A-5(m) & 17C-17A-10(e); Coal Rule 3.20.

W. Va. Code §17C-17A-9(c)(1) and Coal Rule 6.1 provide that every shipper of coal for transport on the public roads or highways of the state that holds a special permit from the Commission and loads coal in an amount that results in gross vehicle weight in excess of the special permit's lawful weight limit shall be subject to an administrative penalty per pound in excess of the lawful weight pursuant to the penalty schedule in W. Va. Code §17C-17A-10. The lawful vehicle weights are statutory and appear in W. Va. Code §§17C-17-9, 17C-17-9a and 17C-17A-5.

Penalties collected for a shipper's or receiver's failure to report or for exceeding lawful weights authorized by the special permits are paid to and retained by the Commission to fund its CRTS reporting and monitoring program. Coal Rules 3.20, 4.12 & 6.6.

Entities subject to the CRTS must retain records required by the Coal Rules for three years. Coal Rule 11.2.

Under W. Va. Code §17C-17A-9(f)(4) and Coal Rule 5.8.d, if the Commission finds a violation of the CRTS, it may assess a violator with costs of \$150 for each initial proceeding and \$300 for an appeal involving an Administrative Law Judge.

Under W. Va. Code §17C-17A-10(e), a shipper that directs or knowingly permits a vehicle to be loaded in excess of permitted weight is guilty of a misdemeanor and, upon conviction, shall be punished by a fine as set forth in W. Va. Code §17C-17A-10(a).